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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SACRAMENTO

THE DIRECTOR OF THE DEPARTMENT OF MANAGED CARE)	CASE NO.:
)	
PLAINTIFF,	)	EX PARTE APPLICATION FOR
	)	APPOINTMENT OF A RECEIVER,
VS	)	ISSUANCE OF TEMPORARY
	)	RESTRAINING ORDER, ORDER TO SHOW
HEALTHDENT OF CALIFORNIA, INC.,	)	CAUSE REGARDING PRELIMINARY
	)	INJUNCTION (Health and Safety Code
DEFENDANT.	)	section 1392(a)(3)
)	
	)	DATE:
	)	TIME:
	)	DEPT:

Pursuant to Health and Safety Code section 1392(a), subsections (1) and (3), Plaintiff, Director of the Department of Managed Care applies ex parte for an order appointing a receiver for Defendant HealthDent of California, Inc. (hereafter "Defendant") and its assets and enjoining Defendant and its officers, directors, agents, employees, servants, assigns and all those acting in concert with it from transacting business or disposing of Defendant's property without the consent of the receiver until further order of this Court. The Director further seeks an Order to Show Cause why the receiver should not remain in possession of all assets, powers, rights and duties of Defendant and why Defendant should not be enjoined from transacting

1 business or disposing of its property without the consent of the receiver pending trial of this
2 action.

3 This application is made pursuant to section 1392(a), subsections (1) and (3). Health
4 and Safety Code section 1392(a)(1) provides:

5 Whenever it appears to the director that any person has engaged, or is about to
6 engage, in any act or practice constituting a violation of any provision of this
7 chapter, any rule adopted pursuant to this chapter, or any order issued pursuant to
8 this chapter, the director may bring an action in superior court, ... to enjoin these
9 acts or practices or to enforce compliance with this chapter, any rule or regulation
10 adopted by the director pursuant to this chapter, or any order issued by the director
11 pursuant to this chapter, or to obtain any other equitable relief.
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14 Health and Safety Code section 1392(a)(3) provides further that:

15 Upon a proper showing, a permanent or preliminary injunction, restraining order,
16 writ of mandate, or other relief shall be granted, and a receiver, monitor, receiver,
17 or other designated fiduciary or officer of the court may be appointed for the
18 defendant or the defendant's assets.
19

20 This application is made on the grounds that Defendant is a health care service plan
21 licensed by the Director under Health and Safety Code section 1340, et. seq. (the Knox-Keene
22 Act). Defendant is presently operating in violation of Health and Safety Code section
23 1375.1(a)(1) and California Code of Regulations, title 10, section 1300.75.1(a). Health and
24 Safety Code section 1375.1(a)(1) requires that a plan has and demonstrates to the Director that
25 it has a “fiscally sound operation and adequate provision against the risk of insolvency.” In
26 pertinent part, California Code of Regulations, title 10, section 1300.75.1(a) requires that:
27
28

1 A plan shall demonstrate fiscal soundness and assumption of full financial
2 risk as follows:

3 (1) Demonstrate through its history of operations and through
4 projections (which shall be supported by a statement as to the facts
5 and assumptions upon which they are based) that the plan's
6 arrangements for health care services and the schedule of its rates
7 and charges are financially sound, and provide for the achievement
8 and maintenance of a positive cash flow, including provisions for
9 retirement of existing and proposed indebtedness.
10

11
12 (2) Demonstrate that its working capital is adequate,
13 including provisions for contingencies.

14 This Application is made on the additional ground that Defendant has violated a lawful
15 order of the Director. On July 9, 1999, Defendant was ordered to cease and desist 1) violating
16 Health and Safety Code section 1375.1(a); and 2) paying or transferring to any owner or
17 affiliate, including employees related to the owners of the Plan, any assets of the Plan except
18 for an amount equal to their usual and customary compensation pursuant to currently existing
19 employment agreements, administrative services contracts or personnel policies. Defendant has
20 violated both provisions of the Cease and Desist Order.
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This Application is based upon this Application, the accompanying Complaint, the Memorandum of Points and Authorities, the Declaration of Allan Campbell, the record in this matter and such further argument, evidence and authority as may be presented hereafter.

DATED: July 18, 2000

Joan W. Cavanagh, Senior Counsel
Attorney for Department of Managed Care